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CIA was gun-shy on Contra deal

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WASHINGTON—CIA agents discovered the Contra funding pipeline from Iran arms sales earlier this year but dropped their investigation for fear they would ensnarl their agency in an illegal operation, congressional sources say.

There also is clear "circumstantial evidence," despite rebel leaders' denials, that the Contras received up to \$30 million from the arms sale profits, according to sources close to the Senate Intelligence Committee investigation.

"We can't answer yet how much they got," one source said, adding that the Contra funds apparently were funneled through a Swiss bank account to several accounts in the Bahamas, the Cayman Islands and Panama. All four countries have strict bank secrecy laws.

Adolfo Calero, a leader of the Unified Nicaraguan Opposition, a coalition of guerrilla groups fighting

Nicaragua's Marxist government, has repeatedly denied the Contras received money from a Swiss bank account.

Shipments increased

But the congressional source said "the money happened to be there" and may have been spent as early as March or April, when records from flight manifests show new arms shipments to the Contras increased gradually.

"They were in the doldrums prior to that period. . . . The circumstantial evidence is that is the money" from the Iranian arms sale, he said.

Intelligence Committee Chairman David Durenberger (R-Minn.) said that throughout this period the CIA was under "strict orders" from Director William Casey to avoid any violation of the law barring U.S. aid to the Contras.

As pieced together by congressional investigators, CIA agents were aware of the increased Contra arms supplies and were curious about their origin.

Small group operation

But when they traced it from the Iranian arms sale to a covert operation run from the White House National Security Council, the agents dropped their probe so the CIA couldn't later be accused of being involved in any covert operation that violated the law, should it become public.

The congressional sources said the secret funding for the Contras was a "real tight operation" that involved only "about four or five" people surrounding former NSC aide Lt. Col. Oliver North and retired Air Force Gen. Richard Secord, both of whom have taken the Fifth Amendment before congressional committees.

Secord's firm, Stanford Technology Trading Group International, is believed to have set up the Swiss bank account that was used to funnel money to the Contras.

Congressional investigators say they believe Casey "may have been aware" of the secret arms to the Contras operation, but deliberately avoided delving into it further so he "wouldn't be implicated." ■■■■■